THE ISLAND REGULATORY AND APPEALS COMMISSION

Prince Edward Island
Île-du-Prince-Édouard
CANADA

Annual Report 2003-2004

Island Regulatory and Appeals Commission
134 Kent Street
PO Box 577
Charlottetown, PE C1A 7L1

(902) 892-3501
www.irac.pe.ca

ISBN 0-9685561-5-9

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To: The Honourable Mildred Dover
Minister of Education
Province of Prince Edward Island

Honourable Ms. Dover:

The Island Regulatory and Appeals Commission has the honour to present its Annual Report for the year ended March 31, 2004.

Respectfully submitted,

Maurice Rodgerson
Chair

Letter of Transmittal

Part 1 – Corporate & Financial

Legislative Responsibilities & Corporate Organization

Introduction

The Island Regulatory and Appeals Commission is established by the *Island Regulatory and Appeals Commission Act*, R.S.P.E.I. 1988 Cap. I-11.

The principal *Acts* under the administration of the Commission are:

- *Lands Protection Act*
- *Rental of Residential Property Act*
- *Petroleum Products Act*
- *Electric Power Act*
- *Water and Sewerage Act*

In addition to administering these *Acts*, the Commission's responsibilities include appellate responsibilities under the *Planning Act*, the *Unsightly Property Act*, the *Revenue Administration Act* (appeals on taxation under the *Gasoline Tax Act*, the *Health Tax Act*, the *Revenue Tax Act*, and the *Environment Tax Act*), the *Real Property Assessment Act*, the *Real Property Tax Act*, the *Roads Act* and the *Heritage Places Protection Act*. The Commission has responsibility under the *Municipalities Act* for conducting public hearings and making recommendations to the Minister on municipal boundary extension applications. During 2004, the Commission was given legislative responsibility for the regulation of automobile insurance rates under the *Insurance Act*.

Commission Personnel (as of March 31, 2004)

Full-time Commissioners:

Chair and Chief Executive Officer	- Maurice Rodgerson
Vice-Chair	- Brian J. McKenna
Commissioner	- Weston Rose

Part-time Commissioners:

- James Carragher
- Norman Gallant
- Kathy Kennedy
- George MacDonald
- Anne Petley

Staff Positions:

Corporate Services

Director	- Eileen Callaghan
Commission Administrator	- Diane Gaudet
Receptionists	- Kay Ross (Morning)
	- Ella Adams (Afternoon)

Land Division

Director	- Vacant
Senior Land Officer	- Sandy Foy
Land Officer	- Philip Rafuse
Secretary	- Janice MacKinnon

Office of the Director of Residential Rental Property

Director	- Twila Whalen
Rental Officer	- Shayne Hogan
Rental Officer	- John Keizer
Information Officer	- Kay Driscoll
Secretary	- Wilhelmina MacDonald (Acting)

Technical and Regulatory Services Division

Director	- Donald G. Sutherland
Assistant Director, Petroleum	- Allison MacEwen
Research Analyst	- Heather Walker
Systems Specialist	- Daniel Arsenault
Technical Specialist	- Donna Chandler
Secretary	- Faye Weeks

Chair's Comments

It was another busy, productive, and challenging year for the Commission. In addition to the well established IRAC responsibilities, additional duties were added in the field of automobile insurance rate regulation, and after a ten year absence the Commission again assumed full regulatory responsibility for the electricity sector.

This report provides a comprehensive review of the overall activities of the Commission and insight into the various matters addressed over the past year. I will highlight several aspects.

Included in this annual report is a Commission Strategic Plan. This is the first time this planning tool has been included with the annual report, and highlights many of the goals that will be pursued by the Commission in the coming months. The plan is also available on the Commission website at www.irac.pe.ca.

In response to efforts to improve public accountability, the audited financial statements of the Commission have also been included in this report. In the past the Commission provided a statement of revenue and expenditures but the financial statements are considered to provide a greater degree of accountability.

Prince Edward Island cannot isolate itself from the world, and pressures on world energy markets created unusual fuel price pressures, especially during the heating season. As a result, the Commission developed and adopted a mid-month price adjustment process that may be used in the future to address periods of extreme price volatility.

The Commission received, reviewed and approved the capital budget of Maritime Electric Company, Limited. It was the Commission's first role in the return to a regulated electricity market. While a return to regulation, it is not necessarily a return to the traditional way of regulating. The Commission remains open to new and effective ways of fulfilling this important mandate.

Public concern over the cost of automobile insurance resulted in the passing of legislation assigning the Commission responsibility for automobile insurance rate regulation. While well versed in the role of rate regulation, the Commission faced a steep learning curve in receiving and reviewing rate applications from 31 companies within a fairly short time frame. I am pleased with the initial success, the dedicated effort of Commissioners and staff, and the cooperative approach of the industry. We believe we have established a solid base upon which to move forward with a process that is fair to both consumers and the industry.

High levels of development activity resulted in increased demands on the Commission's role in administering the *Lands Protection Act*, especially in terms of collecting and providing information for the Minister on applications for amendments under the Land Identification Program. As the year came to a close, the Commission also noted an increase in the number of appeals related to development approvals across the province.

The Commission provides a number of support services to the Office of the Director of Residential Rental Property. The Commission is pleased with the results of the creation of an information officer position which serves as a first line of contact for members of the public on many rental related issues. This has resulted in less strain on Rental Officers and appears to benefit lessors and lessees in terms of information and insight into the requirements of the *Rental of Residential Property Act*.

This past year marked the retirement of Chair Ginger Breedon, after more than three decades of service to the public of Prince Edward Island in a number of senior positions. His leadership of the Commission witnessed the implementation of a number of new initiatives that will have a lasting and positive impact. I appreciated the opportunity to work with Mr. Breedon and to learn from him during our association here at the Commission.

He is to be commended for his dedication to service, his practical approach to issues, and his determination to preserve the essential independence of the Commission. All employees of the Commission join in wishing Ginger all the best.

It is my pleasure to assume the role of Chair and CEO. During my time with the Commission I have come to deeply appreciate the dedication of the staff, the diversity of the matters in which the Commission is involved and the impact on the daily lives of Islanders.

I am pleased to welcome Brian McKenna to the role of Vice-Chair. Brian's legal background, tribunal experience, and training will be a tremendous asset to the Commission.

In taking on new responsibilities the Commission has benefited from the experience and leadership of full time Commissioner, Weston Rose.

I take this opportunity to express my appreciation to the staff for their many efforts. Every challenge has been met with enthusiasm. Although small in numbers, staff of the Commission deal with diverse and complicated matters and our success is directly due to the commitment of employees.

The Commission is fortunate to have a number of part-time Commissioners who bring with them a diverse background and a dedication to public service. Arthur Hudson retired as a part-time Commissioner after over six years of faithful service. We welcome former Charlottetown Mayor George MacDonald to the Commission and I thank Commissioners Jim Carragher, Anne Petley, Kathy Kennedy and Norman Gallant for their ongoing support.

This report will provide an overview of the activities of the Commission over the past year, and I believe it clearly demonstrates the value of the Commission to the people of Prince Edward Island.

Commentaires du président

Ce fut une année occupée, productive et éprouvante pour la Commission de réglementation et d'appels de l'Île (CRAÎ). En sus des responsabilités déjà bien établies de la CRAÎ, on a ajouté des tâches supplémentaires dans le domaine de la réglementation des taux d'assurance-automobile. De plus, la Commission a assumé une fois de plus la pleine responsabilité réglementaire du secteur de l'électricité suite à dix ans d'absence dans le domaine.

Le rapport qui suit fournit une révision complète de l'ensemble des activités de la Commission et un aperçu des diverses questions traitées au cours de la dernière année. Je veux souligner nos principales activités.

Le rapport annuel renferme pour la première fois le plan stratégique de la Commission. Cet outil de planification met en valeur un grand nombre des objectifs visés par la Commission pour les mois à venir. Le plan est à la disposition du public sur le site Internet de la Commission à l'adresse www.irac.pe.ca.

Afin de tout mettre en oeuvre pour accroître l'obligation de rendre des comptes au public, le rapport incorpore également l'état financier vérifié de la Commission. Autrefois, la Commission fournissait les états des recettes et dépenses, mais on considère que l'état financier assure un niveau supérieur de responsabilisation.

En réalité, les pressions sur le marché mondial de l'énergie ont créé des tensions sur le prix du carburant, tout particulièrement au cours de la période froide. Puisque l'Île-du-Prince-Édouard ne peut s'isoler du monde, la Commission a entrepris et a adopté un processus de révision des prix semi-mensuel qui servira à enrayer les périodes de fluctuations extrêmes des prix.

premier rôle de la Commission, suite à son retour dans le marché réglementé de l'énergie, a été de recevoir, d'examiner et de ratifier le budget d'investissements de Maritime Electric Company, Limited. Toutefois, la nouvelle réglementation est différente de la réglementation traditionnelle. La Commission est réceptive aux nouvelles façons efficaces d'accomplir son important mandat.

En raison des préoccupations publiques touchant le coût de l'assurance-automobile, la Commission s'est vue confier par la loi la responsabilité de réglementer les taux d'assurance. Malgré sa longue expérience en matière de réglementation de taux, la Commission était confrontée à une courbe d'apprentissage abrupte. En effet, elle a été contrainte de respecter une courte échéance à la réception et à l'examen des requêtes de hausse tarifaire provenant de 31 sociétés. Dans un premier temps, ce fut un succès grâce aux efforts soutenus des commissaires et du personnel, et à la coopération de l'industrie. Grâce à la base solide que nous avons établie, nous pourrons mettre de l'avant un processus équitable pour les consommateurs et pour l'industrie.

En raison d'un regain des activités de développement, les fonctions administratives de la Commission ont connu une hausse des demandes sous le régime de la *Lands Protection Act* (Loi sur la protection des terres). Cette augmentation fut particulièrement forte en ce qui a trait à la collecte des données sur les demandes de modification du Programme d'identification des terres et à la transmission de ces données au ministre. À la fin de l'exercice, la Commission a également noté une hausse provinciale du nombre d'appels liés aux approbations de développement.

La Commission fournit un grand nombre de services de soutien au bureau du directeur de la *Residential Rental Property* (location des immeubles d'habitation). La Commission est heureuse de constater les résultats positifs de la création d'un poste d'agent d'information qui sera une personne-ressource pour le grand public en ce qui a trait aux questions relatives à la location. Ce nouveau poste a permis d'alléger la charge des agents de location et de donner aux locateurs et aux locataires un accès élargi aux informations et une meilleure occasion de se familiariser avec les prescriptions de la *Rental of Residential Property Act* (Loi sur la location des immeubles résidentiels).

L'an dernier, après avoir consacré plus d'une trentaine d'années au service du public de l'Île-du-Prince-Édouard en occupant plus d'un poste supérieur, le Président Ginger Breedon a pris sa retraite. Sous le leadership de Breedon, la Commission a procédé à la mise en œuvre d'un grand nombre d'initiatives qui auront des conséquences positives et durable. Alors que Monsieur Breedon était mon collègue à la Commission, j'ai apprécié la chance de pouvoir travailler avec lui et de pouvoir apprendre grâce à son exemple. Il a droit à des félicitations pour son dévouement au service, son sens pratique et sa résolution de maintenir l'indépendance de la Commission. Tous les employés de la Commission s'unissent pour souhaiter la meilleure des chances à Ginger.

J'ai le grand plaisir d'assumer les fonctions de président et de premier dirigeant de la Commission. Au cours de ma carrière à la Commission, j'ai appris à apprécier grandement le dévouement du personnel, la diversité des questions dans lesquelles la Commission s'investit et l'impact de notre travail dans la vie quotidienne des Insulaires.

Je suis heureux d'accueillir Brian McKenna dans la fonction de vice-président. Sa formation en droit, son expérience des tribunaux administratifs et sa formation générale seront un atout à la Commission.

Suite à son acquisition de nouvelles responsabilités, la Commission a su profiter de l'expérience et du leadership du commissaire Weston Rose.

Je profite de l'occasion pour exprimer ma reconnaissance envers le personnel pour le travail formidable exécuté cette année. Chaque tâche a été accomplie avec

enthousiasme. Malgré la petite taille du groupe, le personnel de la Commission s'occupe de divers sujets complexes, et notre succès est imputable à l'engagement des employés.

La Commission a la chance d'avoir un nombre de commissaires à temps partiel qui apportent avec eux des acquis variés et un dévouement au service civil. Suite à six années de service dévoué, Arthur Hudson a pris sa retraite. D'autre part, nous accueillons l'ancien maire de Charlottetown, George MacDonald, à la Commission. Nous voulons également remercier les commissionnaires Jim Carragher, Anne Petley, Kathy Kennedy et Norman Gallant pour leur soutien continu.

Le rapport qui suit offre une vue d'ensemble des activités de la Commission au cours de la dernière année, et j'ose croire qu'il démontre la valeur que la population de l'Île-du-Prince-Édouard accorde à la Commission.

Public Hearing Days
(By Division)

	Land & Property	Technical Services	Rental	Petroleum	Total
2004	5	0	12	0	**17**
2003	13	4	13	0	**30**
2002	8	2	9	0	**19**
2001	10	3	5	0	**18**
2000	19	6	7	0	**32**
1999	17	1	12	3	**33**
1998	33	5	14	4	**56**
1997	24	3	20	3	**50**
1996	39	3	7	14	**63**
1995	32	3	7	5	**47**

Commission Meetings & Hearings
(Fiscal Year End)

	Hearing Sessions	Meeting Sessions	Total
2004	17	198	**215**
2003	30	201	**231**
2002	19	218	**237**
2001	18	200	**218**
2000	32	204	**236**
1999	32	233	**265**
1998	56	137	**193**
1997	50	206	**256**
1996	63	167	**230**
1995	47	196	**243**

Commission Decisions-Orders-Approvals-Mediations
(Fiscal Year End)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
LANDS PROTECTION										
Non-Resident Applications	110	105	92	102	94	118	113	104	116	99
Corporate Applications	230	197	162	190	186	227	217	210	203	225
Annual Disclosure Statements	n/a	n/a	88	92	94	87	98	115	120	134
LPA Section 6.1 Permit Applications	n/a	n/a	36	n/a	40	n/a	n/a	n/a	n/a	n/a
TOTAL LANDS PROTECTION	**340**	**302**	**378**	**384**	**414**	**432**	**428**	**429**	**439**	**458**
MUNICIPAL BOUNDARY EXTENSIONS	1	0	0	1	0	0	1	0	0	0
REGULATORY FUNCTIONS										
• **Petroleum Licensing & Pricing**										
Petroleum Pricing Applications	24	34	47	49	60	52	90	98	109	109
Other Petroleum Pricing Matters	n/a	n/a	2	3	2	6	2	2	6	1
Initial Petroleum Applications	0	3	2	1	2	1	2	4	26	1
Other Petroleum	17	26	30	19	17	9	4	4	4	21
Total Petroleum Licensing & Pricing	41	63	81	72	81	68	98	108	145	132
• **Public Utilities**										
Water-Sewer Utility Rate Applications	10	10	1	2	0	0	4	2	1	4
Electric Utility Rate Applications	n/a*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0
Water-Sewer Utility Formal Complaints	3	2	1	0	0	0	0	0	0	0
Electric Formal Complaints	1	0	0	0	0	0	0	0	0	0
Other Water-Sewer	10	2	0	0	3	2	1	0	0	1
Other Electric	1	1	0	0	0	0	3	0	1	1
Water-Sewer Construction Permits	72	17	14	14	12	2	2	7	15	15
Other	n/a	n/a	n/a	n/a	n/a	3	0	0	0	0
Total Public Utilities	97	32	16	16	15	7	10	9	17	21
TOTAL REGULATORY FUNCTIONS	**138**	**95**	**97**	**88**	**96**	**75**	**108**	**117**	**162**	**153**
APPELLATE FUNCTIONS										
Planning Act Appeals	15	18	14	16	15	24	13	9	5	8
Roads Act Appeals	0	4	2	1	1	0	0	2	0	0
Real Property Assessment Act Appeals	8	3	6	1	0	4	2	0	4	0
Rental Appeals/Allowable Rent Increase	8	8	21	15	13	10	10	16	22	20
Sales Tax Appeals	3	2	3	1	3	1	2	2	4	1
Appeals Mediated	0	2	7	0	0	3	3	1	2	0
TOTAL APPELLATE FUNCTIONS	34	37	53	34	32	42	30	30	37	29
TOTAL OVERALL	**513**	**434**	**528**	**507**	**542**	**549**	**567**	**576**	**638**	**640**

**IRAC regulation of electric rates discontinued as of April 30, 1994. Effective January 1, 2004, electric regulation was re-established.*

Strategic Plan

Adopted by the Commission Executive Committee on March 4, 2004
Amended March 18, 2004

Mandate

The Commission is an independent quasi-judicial tribunal with appellate, regulatory and administrative responsibilities derived from the *Island Regulatory and Appeals Commission Act* and the provisions of a number of Province of PEI Statutes.

Vision

To be respected for independence, professionalism, competence and leadership in the matters the Commission regulates, adjudicates and administers.

Mission

To ensure the public of Prince Edward Island is provided with unbiased, well-reasoned, clear, and timely decisions in all matters brought before the Commission for its consideration.

Core Values

The following values govern the Commission's daily operations and interactions:

- Respect of the public trust vested in the Commission;
- Respect of the individuals, businesses and organizations with whom we interact;
- Professionalism in consultations and public hearings;
- Fairness, balance, clarity and timeliness in decisions;
- A safe, healthy, co-operative and respectful environment for our staff and the clients we serve;
- Competent, well-trained, and motivated employees;
- Open, accountable and responsible fiscal management; and
- Openness to new ideas and changes that meet the requirements of governing legislation and improve the Commission's effectiveness and efficiency.

Environmental Scan

This plan is being developed in 2003; however, it encompasses the fiscal years 2004, 2005, 2006 and beyond. The corporate and functional goals will be revisited every year to ensure the plan addresses the needs of an ever-changing environment.

As the Commission begins this planning initiative, Governments across Canada are considering re-regulation as a means of controlling escalating power and auto insurance rates. The public has demanded that Governments find a solution and Governments, in turn, are looking to regulators, who have experience and expertise in these areas, to develop a cost efficient regulatory process that will result in a fair price to consumers and a fair and reasonable return to industries and their investors.

Legislation has recently been passed giving the Island Regulatory and Appeals Commission the power to regulate electric power rates; electrical utilities were fully regulated by the Commission until 1994. In addition, the Commission has been given legislative responsibility for the regulation of automobile insurance rates; a completely new field of regulation for the Commission.

Given these new legislated responsibilities, the corporate goals of the Commission will be concentrated primarily on the development, implementation and administration of a cost efficient, effective and fair regulatory system in all areas regulated by the Commission but with particular emphasis in the areas of auto insurance and electricity.

The Commission realizes the major contribution technology plays in its overall operation; therefore, the Commission will continue its commitment to maintain IT systems and hardware required to operate effectively and efficiently.

In the present evolving regulatory environment, liaisons and good working relationships with colleague organizations are of extreme importance. This communication between like entities provides an avenue through which to share experiences and best practices - valuable information in this time of change.

While liaisons and working relationships with other related organizations, government departments, regulated industries and the general public are necessary for the Commission to operate effectively, the Commission is always cognizant of the importance of retaining its actual and perceived independence. The public places its trust in the Commission to make informed, unbiased and fair decisions. This impartiality is only possible when the independence of the Commission is secure and visible to those it serves. The Commission strives to maintain this independence in various ways, while remaining open and accountable to the public of PEI. The Commission's annual report gives detailed reports on all activities including financial reports from its audited financial statements. Under the *Island Regulatory and Appeals Commission Act*, the Commission is responsible for hiring its own staff and the *Civil Service Act* does not apply to employees of the Commission. The Commission does not report directly to a minister of government but reports through a minister to the Legislature.

The Commission endeavors to carry out its appellate functions in a user friendly and non-threatening atmosphere. The Commission is presented with the challenge of ensuring those without legal representation are not disadvantaged in presenting their cases. Parties appearing on their own occasionally require assistance in understanding the hearing process and in determining proper presentation and cross examination. The Commission is charged with the responsibility of ensuring all parties, whether represented by counsel or not, are given a fair hearing and that all information pertinent to the case is brought to the attention of the Commission.

To meet its broad mandate, the Commission operates with a limited number of staff who, by work demands, generally are responsible for very specialized tasks and expertise in one particular area of the Commission's mandate. This, in turn, creates a high risk for the Commission's operations because of the resulting dependency on single individuals for areas of core responsibility. The Commission must attempt to address and minimize this risk factor.

Corporate Goals

- To maintain the Commission's actual and perceived independence while remaining open and accountable to the public;
- To liaise with regulated industries in developing and implementing an efficient, fair, reasonable and cost effective regulatory system for auto insurance and electrical rates;
- To regularly monitor and analyze public issues which arise in the normal course of the Commission fulfilling its mandate and to discuss such issues, where appropriate, with the minister through whom the Commission reports to the legislature;
- To produce legally correct, timely, well reasoned and unbiased decisions for all matters under the Commission's consideration;

- To maintain up-to-date IT systems and hardware to enable staff to competently serve the public;

- To provide a non-threatening and user-friendly atmosphere for hearings and to continue to encourage appellants to appear with or without legal representation;

- To conduct hearings in such a manner as to ensure those without legal representation are afforded the full opportunity to be heard within the principles of fairness and natural justice;

- To continue to improve and expand the Commission's involvement and communications with relevant organizations and boards, government, regulated industries, public utilities and the general public;

- To ensure the public is properly informed about the Commission, its legislated mandate and its various functions;

- To ensure a continuous, well-trained, competent staff in all Commission mandated functions through staff development, training and cross-training where possible; and

- To provide a safe, healthy work environment for staff.

Functional Goals and Objectives

Land and Appellate Functions

1. **Hearings under the *Planning Act*** – The Commission has endeavored to provide timely written decisions following the completion of a public hearing. The Commission has noted, however, that a variety of factors can result in considerable delay before a matter proceeds to the hearing stage, is settled or is withdrawn. On some matters, negotiations between the parties proceed while the hearing is held in abeyance. The Commission's primary goal is to give the parties adequate time to resolve matters on their own if possible; however, the Commission also must ensure negotiations are progressing and currently there is no formal reporting mechanism whereby the Commission is kept up to date on the status of the negotiations.

   The Commission makes a concerted effort to accommodate the timing interests of all parties involved in a planning or a property tax appeal. Unfortunately, this can lead to hearing delays and consume staff time in coordinating schedules of the parties, the Commission and witnesses.

   ## Objectives 2004-2005

   a. The Commission will develop a reporting mechanism which requires parties to an appeal to keep the Commission informed of the status of negotiations between the parties; and

   b. The Commission will establish rules for setting dates for Commission hearings.

2. **Mediation** has proven effective in settling some disputes and is offered by the Commission as an alternative to proceeding to an immediate public hearing.

Objectives 2004-2005

a. Staff will modify the Commission's annual report to indicate:
   - the time allocated to mediation efforts,
   - the number of cases successfully settled by mediation and
   - the number of times a matter has proceeded to a hearing after mediation has been attempted.

Lands Protection

1. **The Land Identification Program** has resulted in considerable acreage in the province being placed under restriction to maintain it for resource use. General land demands have increased pressure on resource land and resulted in increased applications for changes to identification agreements. The Commission assists in administering these applications for the Department of Community and Cultural Affairs. The increasing number and complexity of applications places increased demand on staff resources.

Objectives 2004-2005

a. The Commission will initiate discussion with the Department of Community and Cultural Affairs to determine whether or not the Commission is the most appropriate body to administer the de-identification process and if so, then a process for combining the Commission's background information with the Department's recommendation to Executive Council will be established.

2. **The Commission** has expanded the range of information contained in non-resident and corporate submissions to Executive Council to include area, land use, and soil type maps of subject properties. This can result in some rather lengthy submissions.

Objectives 2004-2005

a. The Commission will conduct an assessment of the *Lands Protection Act* package currently provided to Executive Council to ensure the information is presented in the most effective manner and is beneficial in the decision making process.

3. **Annual disclosure statements** are required by those persons who have aggregate land holdings in excess of 750 acres of land, and corporations that have aggregate land holdings in excess of 2250 acres. The size of farms is increasing; however, some respondents do not file until contacted by the Commission.

   The *Lands Protection Act* requires those holding a permit to have an aggregate land holding in excess of the limits imposed by the Act to follow a divestiture schedule to bring them within the prescribed limit. The Act requires those with a Permit to divest half of the excess land by March 31, 2004.

Objectives 2004-2005

a. To ensure compliance, the Commission will make a greater effort to make persons and corporations aware of the requirement through news releases and advertising targeted at farm based publications; and

b. The Commission will take steps to directly remind Permit holders of the requirement. The Division will also adopt a process to address any failures to meet the divestiture requirements.

4. **The Commission** recognizes the benefit of having members of the PEI Real Estate Association and the Law Society of Prince Edward Island aware of the Commission's role in administering the Prince Edward Island *Lands Protection Act*. In order for the Commission to fulfill its mandate, it is important to foster an open dialogue with groups and organizations impacted by the Legislation.

Objectives 2004-2005

a. The Commission will have staff available to attend meetings and sessions held by such groups and organizations to outline the Commissions role, answer questions, and receive input.

Regulation

1. **Auto Insurance Rate Regulation:** The implementation of auto insurance rate regulation is underway. This new area of regulation will initially consume significant staff resources.

Objectives 2004-2005

a. To review and approve auto insurance rates for all insurers; and

b. To establish an ongoing regulatory process that is cost effective and timely.

2. **Electrical Utility Regulation:** The implementation of electric utility regulation took effect on January 1, 2004 with the proclamation of the new *Electric Power Act*.

Objectives 2004-2005

a. To re-establish a regulatory process that is cost effective and timely;

b. To review and approve Maritime Electric's capital programs, including new generation facilities; and

c. To review Maritime Electric's rates.

3. **Petroleum Regulation:** The area of petroleum price regulation has undergone significant change in the last 24 months. A new pricing model has been implemented and a number of changes made in the licensing process and license fees schedules.

Objectives 2004-2005

a. To maintain the high level of data analyses and research carried out in the pricing area; and

b. To maintain a positive working relationship with the industry.

4. **Municipal Water and Wastewater Utility Regulation**: *The Commission regulates* some 26 municipal and private water-wastewater utilities. A need has been identified to carry out compliance audits to ensure that utilities strictly comply with the Commission's uniform system of accounts.

Objectives 2004-2005

a. To establish a compliance audit program; and

b. To finalize the conversion of all utilities to the Commission's new Uniform System of Accounts

Office of the Director of Residential Rental Property

1. **Mandate** – The Office assists residential lessors (landlords) and lessees (tenants) in resolving disputes by providing information, advice on their rights and obligations and adjudicative services in a fair and timely manner.

2. **Inquiries** – The Office of the Director experienced a significant increase in the number of inquiries and applications since year 2000. The Commission and the Office undertook a review of the Office's resources and practices. It resulted in the Commission creating a position to handle inquiries and provide timely and appropriate service to clients at the earliest opportunity.

Objectives 2004-2005

a. To develop a system to monitor the results of the inquiries being handled by non-hearing officers;

b. To establish a benchmark against which to measure the number of applications brought to a resolution without a hearing; and

c. To prepare a method of measuring the response time to all inquiries.

3. **Hearings** – The Office of the Director has found that the processing of applications through to the decision stage is often delayed by lessors and lessees not being adequately prepared to present their information and arguments.

Objectives 2004-2005

a. To publish an information pamphlet to assist parties in presenting their cases at a hearing; and

b. To prepare and publish information pamphlets on rental agreements and security deposits for lessors and lessees.

4. **Decisions** – The Residential Rental Officer endeavors to reach a decision following the investigation and hearing in a fair and timely manner. There have been an increasing number of investigations and hearings which have resulted in a large quantity of written information involving a number of complex issues being submitted for consideration. These situations often result in delaying the rendering of the decision beyond the usual timeframe.

Objective 2004-2005

a. To begin a review of current practices in the decision rendering process so as to improve effectiveness and efficiency.

Financial Data

BFM

Beaton Fitzpatrick Murray
Chartered Accountants and Advisors

A.W. Beaton, CA
G.J. Fitzpatrick, FCA
J.G. Murray, CA
P.J. Trainor, CA

Bonded Warehouse
91 Water Street
P.O. Box 2158
Charlottetown
Prince Edward Island
C1A 8B9

Tel (902) 892-5365
Fax (902) 892-0383
Email bfm@bfm.pe.ca
www.bfm.pe.ca

AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheet of Prince Edward Island Regulatory and Appeals Commission as at March 31, 2004 and the statement of earnings and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Beaton Fitzpatrick Murray

Chartered Accountants

Charlottetown, P.E.I.
May 21, 2004

Auditors' Report

THE ISLAND REGULATORY AND APPEALS COMMISSION
Prince Edward Island
Île-du-Prince-Édouard
CANADA

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION
Balance Sheet

March 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Current assets:		
Cash and term deposits	$ 1,236,017	$ 1,384,082
Cash held in trust	10,983	5,755
Receivables	36,542	45,273
Prepaid expenses	1,514	2,040
	1,285,056	1,437,150
Capital assets (note 2)	141,501	150,183
	$ 1,426,557	$ 1,587,333
Liabilities and Surplus		
Current liabilities:		
Accounts payable and accrued liabilities	$ 912,920	$ 235,354
Deposit guarantees - moving permits and rentalsman	10,983	5,755
	923,903	241,109
Deferred revenue (note 3)	-	817,828
Reserves (note 4)	6,275	12,031
Severance allowance	190,505	210,491
Surplus (note 5)	305,874	305,874
Commitment (note 6)		
	$ 1,426,557	$ 1,587,333

See accompanying notes to financial statements.

On Behalf of the Board:

Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Earnings and Suruplus

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Assessments, licenses and permits	$ 2,056,207	$ 2,309,674
Investment income	45,542	38,232
	2,101,749	2,347,906
Expenses:		
Administration	1,729,825	1,620,784
Depreciation	125,057	123,638
	1,854,882	1,744,422
Earnings before Reserves transfer	246,867	603,484
Transfer from Reserves	5,756	5,756
	252,623	609,240
Deferred revenue (note 3)	(252,623)	(609,240)
Net earnings	-	-
Surplus, beginning of year	305,874	305,874
Surplus, end of year	$ 305,874	$ 305,874

See accompanying notes to financial statements.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statemenets

Year ended March 31, 2004

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, provincial rentalsman, auto insurance rate regulation and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act.

1. Significant accounting policies:

(a) Capital assets:

Leaseholds and equipment are stated at cost and are depreciated on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	10% and 20%
Furnishings and equipment	20%
Computer equipment	33.33%

(b) Vacation pay and severance allowance:

Vacation pay is recorded as a liability when earned. Severance allowances are recognized when the employee meets the eligibility criteria.

(c) Pension costs:

Employees of the Commission belong to the civil service superannuation plan. Employees' contributions and matching employer's contributions are transferred to the Province of Prince Edward Island. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

(d) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

1. Significant accounting policies (continued):

(e) Financial instruments:

The Commission's financial instruments consist of cash, accounts receivable, investments, and accounts payable. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Capital assets:

	Cost	Accumulated depreciation	2004 Net book value	2003 Net book value
Leasehold improvements	$ 177,986	$ 134,264	$ 43,722	$ 59,860
Furnishings and equipment	54,666	31,844	22,822	13,805
Computer equipment	235,788	160,831	74,957	76,518
	$ 468,440	$ 326,939	$ 141,501	$ 150,183

3. Deferred revenue:

Pursuant to a three year provincial assessment agreement entered into with the Province of Prince Edward Island, the Commission has agreed to refund to the Province of Prince Edward Island, at the end of the agreement, the accumulated surplus, if any, for the years ended March 31, 2005, 2006, and 2007.

4. Reserves:

	2004	2003
Reserve balance, beginning of year	$ 12,031	$ 17,787
Transfer to surplus	(5,756)	(5,756)
Reserve balance, end of year	$ 6,275	$ 12,031
Comprised of:		
Reserve for Uniform System of Accounts Study	5,235	5,235
Reserve for leasehold improvements	1,040	6,796
	$ 6,275	$ 12,031

5. Surplus:

	Capital Fund	Operating Fund	Total 2004	Total 2003
Surplus, beginning of year	$ 150,183	$ 155,691	$ 305,874	$ 305,874
Transfer to operating fund	(125,057)	125,057	-	-
Transfer from operating fund	116,375	(116,375)	-	-
Surplus, end of year	$ 141,501	$ 164,373	$ 305,874	$ 305,874

6. Commitment:

The Commission has an operating lease for its premises at $ 11,643. per month plus common area charges, under a lease expiring in 2009.

The minimum annual lease payment to the expiry date is $ 139,716.

Assessments

Revenue is generated through the following fees for each Division:

Land
Applications under the *Lands Protection Act* for purchase of property by non-residents:

- Minimum of $500.00 or 1% of the agreed purchase price, whichever is greater.

Residential Rental Property
Applications filed pursuant to the *Rental of Residential Property Act*:

A) Rent owing filed by a Lessor (pursuant to Section 8 of the *Act*)	$30.00
B) Rent increase (pursuant to Section 23(3) of the *Act*)	
Two units or less	$25.00
Three or more units	$75.00
C) All other applications by a Lessor or Lessee	$10.00

Technical and Regulatory Services

Petroleum

Revenues to operate the Petroleum section for this fiscal year were derived from the fees for licenses issued under the *Petroleum Products Act*, together with other related charges as set out in the schedule that follows:

(i) Wholesale Distribution License – Initial $1,500.00

(ii) Wholesale Distribution License – Renewal Based on Total Annual Sales Volume for the Year Preceding the Current License Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
0	-	2,500,000	$2,750.00
2,500,001	-	5,000,000	$5,500.00
5,000,001	-	15,000,000	$8,250.00
15,000,001	-	30,000,000	$11,000.00
(Over 30,000,000 - $11,000.00, plus $2,750.00 for each additional 15,000,000 or portion thereof)			

(iii) Wholesale Distribution License – Supply of 20 lb. Cylinders to Propane Exchange Centres – Initial and Renewal $750.00

(iv) Outlet License – Retail Distributor – Initial $1,500.00

(v) Outlet License – Retail Distributor – Renewal Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
Minimum			$300.00
1,000,001	-	2,000,000	$400.00
2,000,001	-	3,000,000	$500.00
3,000,001	-	4,000,000	$600.00
4,000,001	-	5,000,000	$700.00
5,000,001	-	6,000,000	$800.00
6,000,001	-	7,000,000	$900.00
7,000,001	-	8,000,000	$1,000.00
8,000,001	-	9,000,000	$1,100.00
9,000,001	-	10,000,000	$1,200.00
10,000,001	-	20,000,000	$1,500.00
20,000,001	-	50,000,000	$1,750.00
Over 50,000,000			$4,000.00

(vi) Outlet License – Tank Truck – Initial and Renewal (Including Consumer Propane Cylinder Delivery Trucks) $125.00

(vii) Outlet License – Consumer Outlet – Initial $200.00

(viii) Outlet License – Consumer Outlet – Renewal Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
0	-	500,000	$100.00
500,001	-	1,000,000	$200.00
1,000,001	-	2,000,000	$400.00
2,000,001	-	3,000,000	$600.00
3,000,001	-	4,000,000	$800.00
4,000,001	-	5,000,000	$1,000.00
5,000,001	-	6,000,000	$1,200.00
6,000,001	-	7,000,000	$1,400.00
7,000,001	-	8,000,000	$1,600.00
For each additional million			$200.00

(vix) Outlet License – Cardlock/Keylock Facilities – Initial $200.00

(x) Outlet License – Cardlock/Keylock Facilities – Renewal Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
0	-	1,000,000	$200.00
1,000,001	-	2,000,000	$400.00
2,000,001	-	3,000,000	$600.00
3,000,001	-	4,000,000	$800.00
4,000,001	-	5,000,000	$1,000.00
For each additional million			$200.00

(xi) Outlet License – Propane Exchange Centres Only – Initial and Renewal $50.00

(xii) Outlet License – Propane Refill Centres – Campgrounds Only – Initial and Renewal $50.00

(xiii) Aviation Fuel Depot $500.00

(xiv) Licenses Issued After October 1 Each Year 50% of Applicable Minimum License Fee

(xv) Fee for the Re-Issue or Amendment of any License During the Term of its Validity $35.00

(xvi) Administrative Fee for the Cancellation of any Unused License $35.00

THE ISLAND REGULATORY AND APPEALS COMMISSION
Prince Edward Island
Île-du-Prince-Édouard
CANADA

Public Utilities

- Water and Sewer:

Revenue is generated in accordance with the following assessment scale:

REVENUE RANGE ($)	ASSESSMENT RATE 2002-03	% CHANGE	ASSESSMENT RATE 2003-04
0 - 5,000	$275.63	0.00%	$275.63
5,001 - 10,000	$441.00	0.00%	$441.00
10,001 - 50,000	$716.63	0.00%	$716.63
50,001 - 100,000	$1,102.50	0.00%	$1,102.50
100,001 - 250,000	1.23480%	0.00%	1.23480%
250,001 - 500,000	1.21275	0.00%	1.21275
500,001 - 750,000	1.19070	0.00%	1.19070
750,001 - 1,000,000	1.16865	0.00%	1.16865
1,000,001 - 1,250,000	1.14660	0.00%	1.14660
1,250,001 - 1,500,000	1.12455	0.00%	1.12455
1,500,001 - 1,750,000	1.10250	0.00%	1.10250
1,750,001 - 2,000,000	1.08045	0.00%	1.08045
2,000,001 - 2,500,000	1.05840	0.00%	1.05840

- Electric:

The annual power assessment for Maritime Electric Company, Limited is determined by the Lieutenant Governor in Council, pursuant to Section 22 of the *Maritime Electric Company Limited Regulation Act.*

The assessment for the City of Summerside Electric Utility is also determined by the Lieutenant Governor in Council, pursuant to Section 46(2)(a) of the *Electric Power and Telephone Act.*

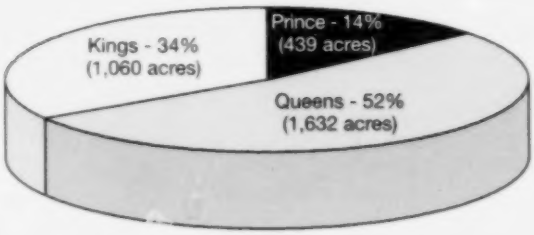
THE ISLAND REGULATORY AND APPEALS COMMISSION
Prince Edward Island
Île-du-Prince-Édouard
CANADA

Part 2 – Lands Protection

Non-Resident Applications

The Commission is responsible for making recommendations to the Lieutenant Governor in Council on all applications by non-residents and corporations to acquire an interest in land pursuant to the provisions of the *Lands Protection Act*.

NON-RESIDENT APPLICATIONS 2003-2004



ACREAGE DISTRIBUTION BY COUNTY

During the reporting period, the Commission considered 99 applications from non-residents totaling 3,390.48 acres. Four non-resident applications involving 258.70 acres were denied by the Lieutenant Governor in Council following recommendations of denial by the Commission. Sixty-eight (68) parcels with shore frontage totaling approximately 44,788 feet were included in the applications.

The Commission recommended denial of the four non-resident applications for the following reasons:

- The high level of non-resident owned land in the area (Springbrook).
- A 37-acre parcel was not suitably advertised on the local real estate market.
- The applicants owned five parcels in the province and did not demonstrate a need for the parcel under consideration.
- The applicants intended to acquire a 187-acre parcel for three seasonal residences and the sale of several lots – not an efficient use of the land.

Corporate Applications – Resident

CORPORATE APPLICATIONS-RESIDENT 2003-2004

ACREAGE DISTRIBUTION BY COUNTY

During this same period, the Commission considered 197 applications involving 15,373.24 acres of land from resident corporations. No applications were denied by the Lieutenant Governor in Council.

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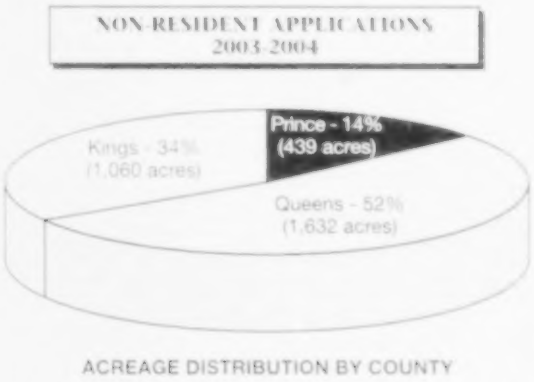

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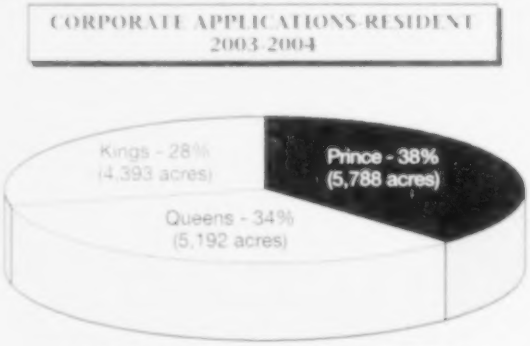


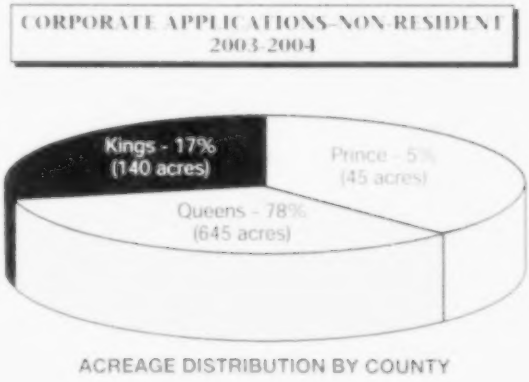
ACREAGE DISTRIBUTION BY COUNTY

During this same period, the Commission considered 197 applications involving 15,374.24 acres of land from resident corporations. Not applications were denied by the Lieutenant Governor in Council.

Corporate Applications – Non-Resident

Twenty-eight applications involving 829.65 acres of land were considered from non-resident corporations. No applications were denied.

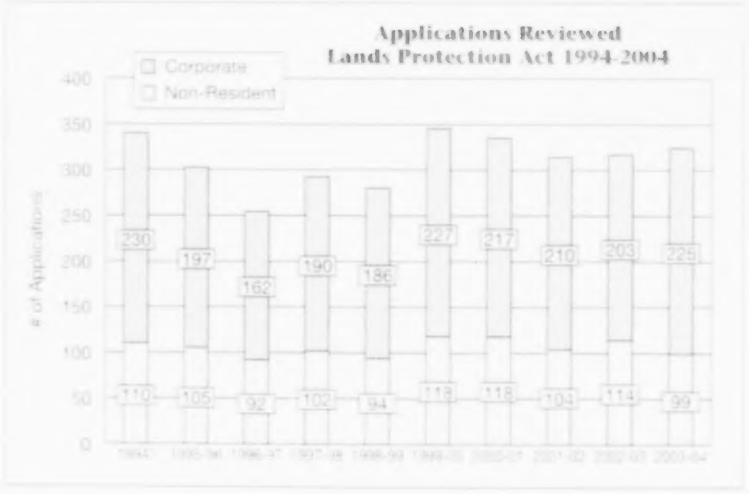
The Commission recommended denial of 15 other applications – 1 non-resident corporate application and 14 non-resident persons. Executive Council did not accept the Commission's recommendation and approved those applications, in some cases with conditions.



Applications by County – *Lands Protection Act*
2003-2004

	PRINCE COUNTY		QUEENS COUNTY		KINGS COUNTY		TOTAL PROVINCE	
Type of Application	#	Acreage	#	Acreage	#	Acreage	#	Acreage
Non-Resident	19	439.35	44	1,632.09	32	1,060.34	95	3,131.78
Corporate – Resident	86	5,788.29	60	5,191.60	51	4,393.35	197	15,373.24
Corporate – Non-Resident	5	44.97	17	644.86	6	139.82	28	829.65
TOTAL	110	6,272.61	121	7,468.55	89	5,593.51	320	19,334.67

Four non-resident applications involving 258.70 acres were denied in 2003-2004 and are not included in this table.



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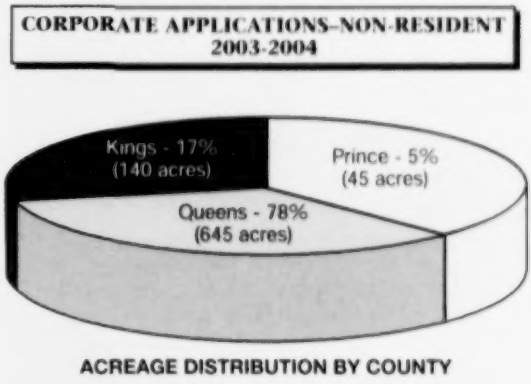

Applications by County – *Lands Protection Act* 2003-2004

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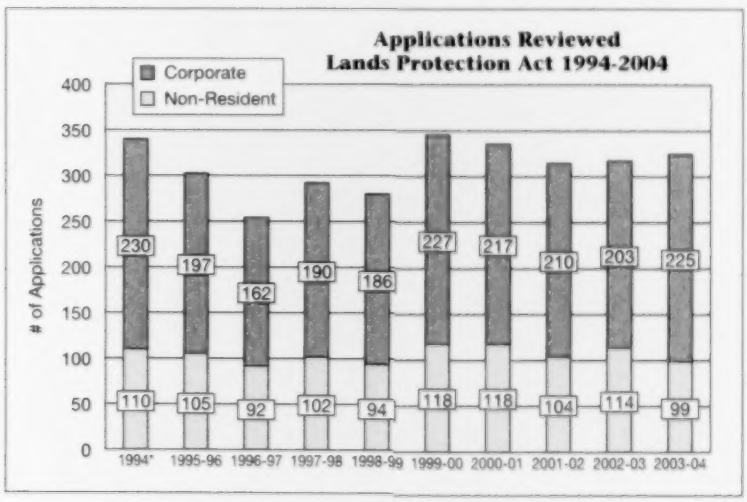


Applications to Cancel, Suspend or Amend Conditions

The Commission is also responsible for receiving applications to cancel, suspend or amend any condition, including the condition that the land be identified for non-development use, imposed under subsection 9(1) of the *Act*. The Commission then submits a report respecting the disposition of each application to the Minister of Community and Cultural Affairs who makes a recommendation to the Lieutenant Governor in Council.

During the reporting period, 48 applications involving 774.12 acres were approved.

Annual Disclosure Process

The Commission receives annual land holding disclosure statements from all persons and corporations having an aggregate land holding of more than 750 acres for persons and more than 2,250 acres for corporations. The disclosure statements are filed pursuant to the provisions of subsection 10(2) which states:

> *Without prejudice to subsection (1), any person or corporation having an aggregate land holding in excess of the limit specified in subsection (1) shall, not later than December 31 of each year, file a disclosure statement with the Commission.*

For the year 2003, the Commission received a total of 134 land holding disclosure statements, of which 24 statements were filed by corporations and 110 filed by persons.

The Land Identification Program

The objective of the Land Identification Program is to prevent development of land identified for non-development use. Non-development means use for such purposes as forestry, wildlife, agriculture, recreation, permanent or seasonal residences that do not involve commercial or industrial development or subdivision.

The Commission's involvement in this program pertains to acquisitions by non-residents and corporations. The Commission is responsible for making recommendations to the Lieutenant Governor in Council on the disposition of applications including recommendations as to whether the land should be identified.

All Applications – Land Identification Program
Acreage Identified for Non-Development Use
1994-2004

Type of Application	1994*	1995-96	1996-97	1997-98	1998-99	1999-20	2000-01	2001-02	2002-03	2003-04
Non-Resident	3,025	2,298	1,907	1,157	2,277	1,976	2,382	1,739	2,167	1,392
Corporate	18,625	12,107	6,961	11,100	10,690	10,877	7,415	13,956	15,156	9,394
P.E.I. Lending Agency	10,762	10,731	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**
TOTAL ACRES	**32,412**	**25,136**	**8,868**	**12,257**	**12,967**	**12,853**	**9,797**	**15,695**	**17,323**	**10,786**

* Represents calendar year
** The Commission no longer makes decisions on land purchases from Enterprise P.E.I.

The Commission places an emphasis on the identification of land for non-development use when it considers applications by non-residents and corporations for land acquisition. Special attention is paid to applications for acquisition of coastal land, active agricultural land, speculative land transactions and land intended for subdivision.

The Commission believes that this program is particularly important to preserve the province's resource land base from premature and non-sustainable development, given the lack of a land use plan in much of the rural area of the province. The program assists in ensuring that land will be available for the resource sector in the future.

During the reporting period, the Commission recommended that 10,786 acres be identified for non-development use as a result of non-resident, non-resident corporate and resident corporate applications considered under the *Act*.

Information and Monitoring System

The Commission continues to maintain a computerized land information system to assist in tracking and reporting on applications filed with the Commission. The database includes all applications filed with the Commission and the Land Use Commission dating back to 1977. The database also tracks persons and corporations that file annual land holding disclosure statements. This system allows the Commission to access information more quickly and efficiently in the process of reviewing applications and responding to public inquiries.

The Commission is also able to access property information and mapping through GeoLinc, the Department of Provincial Treasury's assessment records system, and continues to use a computerized mapping program called MapInfo to conduct research and studies relating to land matters. Up to date data continues to be downloaded from the province on a weekly basis.

Enforcement

Pursuant to subsection 15(1) of the *Act*, the Commission may request information and conduct an investigation for the purpose of determining whether a person or corporation has contravened the *Act* or the regulations. During the reporting period, the Commission conducted 15 inquiries/investigations. (In addition, 5 matters were carried over from the previous year.) Twelve of these inquiries/investigations resulted in compliance by the respondents and the Commission issued 12 warnings.

In three other inquiries/investigations, penalties were imposed by the Commission and paid by the Respondents. One matter was closed, without a warning being issued. Two matters were stayed. Two matters are still under review.

Municipal Boundary Extensions

The Commission is responsible for conducting public hearings with respect to municipal boundary extensions. Pursuant to subsection 12(1) of the *Municipalities Act*:

> *12(1) Where a municipality wishes to extend its boundaries to include an area for which no municipal government is provided under this Act, it may apply to the Minister for approval of the annexation of that area.*

Pursuant to subsection 13(1), upon receipt of such application, the Minister shall direct the Commission to conduct a public hearing and make a recommendation to the Minister on the disposition of such application.

During the reporting period, no applications were referred to the Commission.

Part 3 – Regulatory Functions

Petroleum Licensing & Pricing

Petroleum regulation in Prince Edward Island is governed by the *Petroleum Products Act*, R.S.P.E.I. 1988, Cap. P-5.1. The purpose of the *Act* is set out in Section 2, which reads as follows:

> *The purpose of this Act is to regulate the distribution and sale of petroleum products within the Province of Prince Edward Island for use within the province, and the type, location, and operation of facilities and equipment associated therewith, and to ensure at all times a just and reasonable price for heating fuel and motor fuel to consumers and licensees within the province.*

Under the *Act*, no wholesaler or wholesaler-retailer shall bring into the province, cause another to bring into the province or distribute within the province, any petroleum product unless that wholesaler or wholesaler-retailer holds a license authorizing such activities. The *Act* also provides that no retailer, wholesaler or wholesaler-retailer shall sell or furnish any petroleum product or keep any petroleum product for sale at an outlet unless that retailer, wholesaler or wholesaler-retailer is the holder of a license with respect to each such outlet, and then only as specified in the license and subject to the *Act* and Regulations.

In the area of petroleum licensing, Section 20 of the *Act* requires that the Commission, when issuing a retailer's license, consider the public interest, convenience and necessity by applying such criteria as the Commission may from time to time consider advisable. This includes, but is not restricted to, a consideration of the demand for the proposed service, the location of the outlet, traffic flows and the applicant's record of performance.

A total of 12 wholesalers were licensed under the *Act* this past year, including Ultramar Ltd., Shell Canada Products, Imperial Oil Limited, Irving Oil Limited, Petro-Canada, Co-op Atlantic, Superior Propane Inc., Wilson Fuel Co. Limited, Emera Fuels, RST Industries, Blue Ribbon Propane and Thrifty Propane. Of these, Emera and RST Industries deal exclusively with Bunker C product while Blue Ribbon and Thrifty Propane supply propane exchange centres located throughout the province. Irving Oil handles propane in addition to the other common petroleum products while Superior Propane deals exclusively with propane.

Summary of Petroleum Licenses Issued

	Wholesalers	Retail Outlets	Retail Distributors	Tank Trucks	TOTAL
2003	12	204	23	84	**323**
2002	12	209	28	90	**339**
2001	9	208	27	95	**339**
2000	9	222	27	98	**356**
1999	9	224	27	101	**361**
1998	9	225	30	100	**364**
1997	9	227	35	109	**380**
1996	8	247	34	106	**395**
1995	7	255	35	108	**405**
1994	8	264	36	106	**414**

NOTE: In addition to the above licenses, Slemon Park Corporation has been licensed since 1992 with respect to the sale of aviation fuels.

In addition, there is a requirement on the Commission, when dealing with applications for annual renewal of all licenses, to consider whether the licensee is in a position to ensure an adequate supply of product during the coming year, the quantity of petroleum products sold in the previous year and the quality of service which the outlet renders to the community in which it is situated. The Commission expects to receive a minimum of three months' notice, especially in the case of wholesaler-owned outlets, of an intention to close a licensed outlet or remove a licensed service. Wholesale licenses bear the following condition:

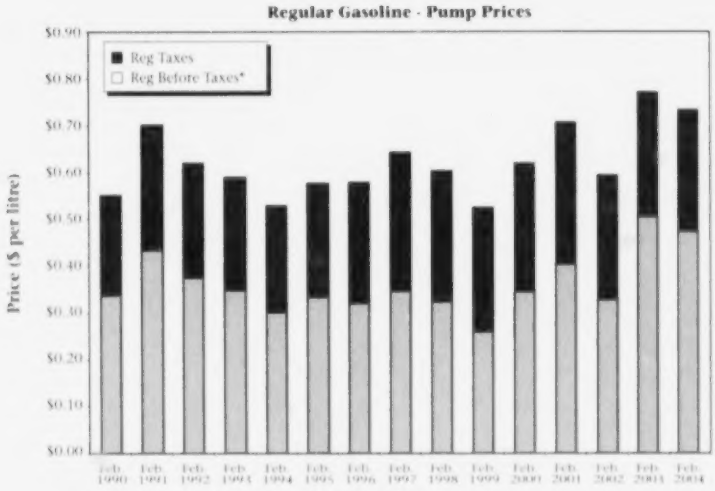
> *It is a condition of this wholesale license that the licensee shall supply petroleum products and related services to any retailer or consumer who seeks same, unless approval of an exception to the condition has been first obtained from the Commission.*

It is an important principle in regulation that, when a license is issued under the *Act*, a licensee cannot service customers selectively nor can a licensee arbitrarily discriminate against certain customers. It is a requirement of the Commission that products and services be provided in accordance with the class of license issued as prescribed by section 63 of the *Act*.

Summary of Petroleum Retail Outlets by Classification

	Stations*	Merchants	Garages	Marine	Propane Only	TOTAL
2003	38	70	6	73	17	204
2002	41	69	6	74	19**	209
2001	49	68	9	75	7	208
2000	56	71	10	77	8	222
1999	66	63	10	78	7	224
1998	69	60	10	78	8	225
1997	77	55	11	75	9	227
1996	87	50	11	87	12	247
1995	91	51	12	89	12	255
1994	98	50	13	91	12	264

* Includes Commercial Diesel Cardlock until 2002
** Includes 12 newly licensed as propane exchange centres only

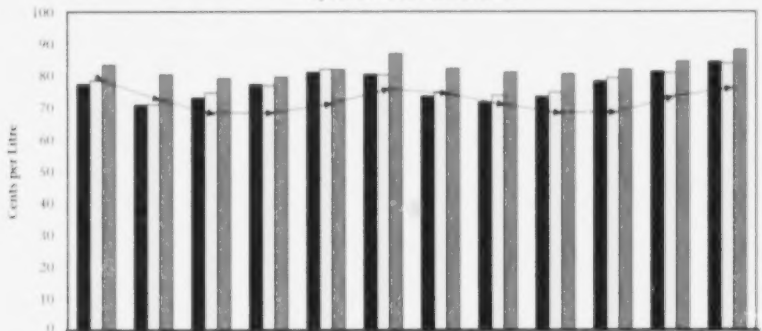


In the area of petroleum pricing, the Commission's legislative mandate requires that it ensure a just and reasonable price for heating and motor fuels to consumers and licensees within the Province. In addition to dealing with individual applications for price changes to wholesalers' dealer and posted consumer prices, the Commission monitors available pricing information from local, national and international sources.

The Commission also has the responsibility of determining retailers' minimum and maximum markups. Currently, the authorized minimum markup is 4.0 cents and a maximum of 5.5 cents per litre at self-serve pumps and a minimum of 5.0 cents and a maximum of 6.5 cents per litre at full-serve pumps. In addition, the markup selected by a dealer for each method of dispensing must be consistently applied to each grade of gasoline sold or offered for sale at the outlet. At split-serve outlets, diesel fuel and each grade of gasoline sold at self-serve pumps must be priced at least one cent lower than the prices at which full-serve diesel fuel and each grade of gasoline are being offered for sale.

The following schedules compare regional regular unleaded gasoline prices, and indicate the average maximum self-serve gasoline prices in effect in this Province as of February of each year for the years 1990 to 2004 inclusive.

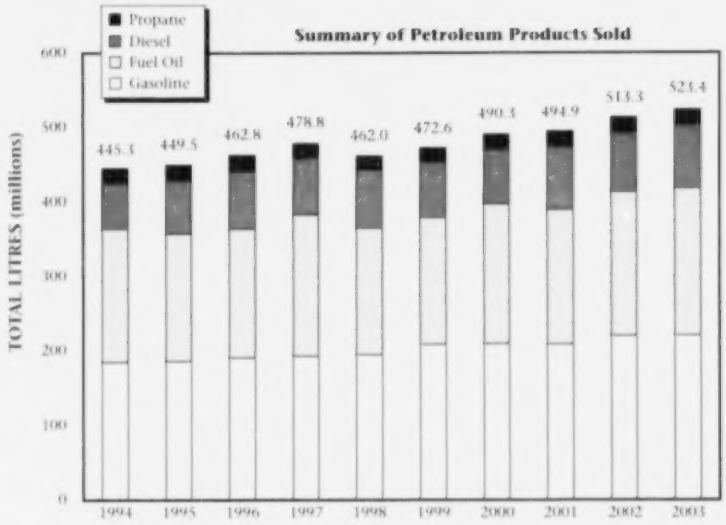
Regular Unleaded Gasoline Prices (Cents per Litre) - Atlantic Region
April, 2003 to March, 2004



	April 2003	May 2003	June 2003	July 2003	Aug. 2003	Sept. 2003	Oct. 2003	Nov. 2003	Dec. 2003	Jan. 2004	Feb. 2004	Mar. 2004
Halifax	77.2	70.7	72.9	77.1	80.9	80.3	73.4	71.5	73.3	78.1	81.1	84.3
Fredericton	78.4	70.9	74.5	76.8	81.9	80.1	74.7	73.7	74.7	79.2	80.8	83.8
St. John's	83.2	80.2	79	79.4	81.7	86.8	82	80.9	80.4	81.8	84.4	88.1
Ch'town	81.4	73.2	68.5	68.5	70.7	76.2	74.4	70.5	68.4	68.4	72.7	76.4

THE ISLAND REGULATORY AND APPEALS COMMISSION
Prince Edward Island
Île-du-Prince-Édouard
CANADA

All petroleum product price changes authorized by the Commission are the subject of public notice. The Commission continues to periodically publish approved posted consumer prices of furnace fuel, as well as pump prices of the various grades of gasoline and diesel fuel. During the period covered by this report, the Commission dealt with 109 applications by wholesalers relating to pricing adjustments and issued 36 formal Orders relating to petroleum regulation.



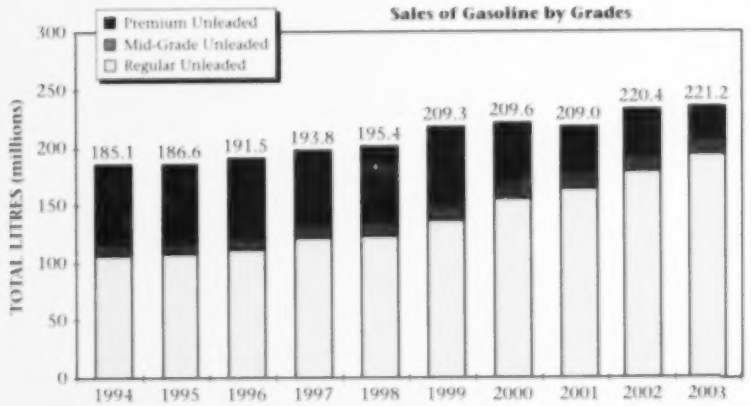
Following is statistical data for the calendar years 1994-2003 inclusive. Also provided are statistics relating to average gasoline volume per retail outlet (general merchant/service station/garage) and sales of gasoline by grades for the years 1994 to 2003 inclusive.

Summary of Petroleum Products Sold (in Litres)

	Gasoline	Fuel Oils	Diesel	Propane	TOTAL
2003	221,220,829	197,008,105	84,807,293	20,359,506	523,395,733
2002	220,363,661	193,478,213	79,268,308	20,140,851	513,251,033
2001	208,970,074	180,317,704	85,272,665	20,330,264	494,890,707
2000	209,630,327	187,808,918	73,596,810	19,261,292	490,297,347
1999	209,254,079	170,140,141	74,360,432	18,891,677	472,646,329
1998	195,446,662	170,331,531	77,797,268	18,435,589	462,011,050
1997	193,759,312	189,509,152	75,629,092	19,858,611	478,756,167
1996	191,452,938	172,685,213	77,550,021	21,133,859	462,822,031
1995	186,554,592	171,323,704	72,173,046	19,463,634	449,514,976
1994	185,149,709	179,361,223	61,693,597	19,080,313	445,284,842

Retail Dealers – Gasoline Volume Statistics

	Retail Gasoline Volume (Litres)	Number of Outlets	Average Volume/Outlet
2003	202,788,877	114	1,778,850
2002	203,048,718	115	1,765,641
2001	193,792,185	124	1,562,840
2000	196,103,662	135	1,452,620
1999	196,411,799	137	1,433,663
1998	185,286,424	140	1,323,474
1997	179,614,986	141	1,273,865
1996	175,216,972	146	1,200,116
1995	171,511,737	152	1,128,367
1994	168,349,978	159	1,058,805



Public Utilities

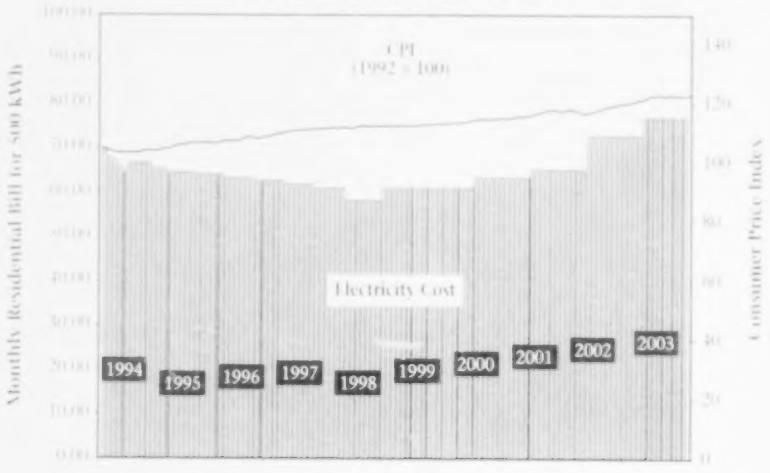
In the area of public utilities, the Commission derives its authority under the new *Electric Power Act* and the *Water and Sewerage Act*. The former *Act* applies to electric utilities operating in the province and the latter applies to municipal water and wastewater utilities.

Electric

The *Electric Power Act* came into effect on January 1, 2004. The new *Act* is derived from *An Act to Amend the Electric Power and Telephone Act* which received Royal Assent on December 16, 2003.

The *Electric Power Act* returns Maritime Electric Company, Limited, (Maritime Electric) the province's principal supplier of electric power, to the jurisdiction of the Commission after nearly ten years of price cap regulation. It provides, as well, for the regulation of electric power rates and charges of the City of Summerside Electric Utility insofar as that utility provides services beyond its corporate limits. However, by virtue of the *Electric Power Act City of Summerside Electric Utility Exemption Regulations*, the Summerside Utility is largely exempt from the jurisdiction of the Commission so long as its rates and charges for services provided beyond its corporate limits do not exceed its rates for services provided within the City.

Electricity Costs Compared to the Consumer Price Index
Maritime Electric
January 1, 1994 - December 31, 2003



The preamble to the new *Electric Power Act* reads as follows:

> *WHEREAS the rates, tolls and charges for electric power should be reasonable, publicly justifiable, and not discriminatory;*
>
> *AND WHEREAS the regulation of public utilities supplying electric power should be conducted in an manner that is efficient;*
>
> *AND WHEREAS the system of regulation of such public utilities should allow public input whenever the rates, tolls and charges for electric power seem, in any respect, to be unreasonable or unjustly discriminatory;*

The utilities operating in the cities of Charlottetown and Summerside and the towns of Stratford and Montague are exempt from the jurisdiction of the Commission.

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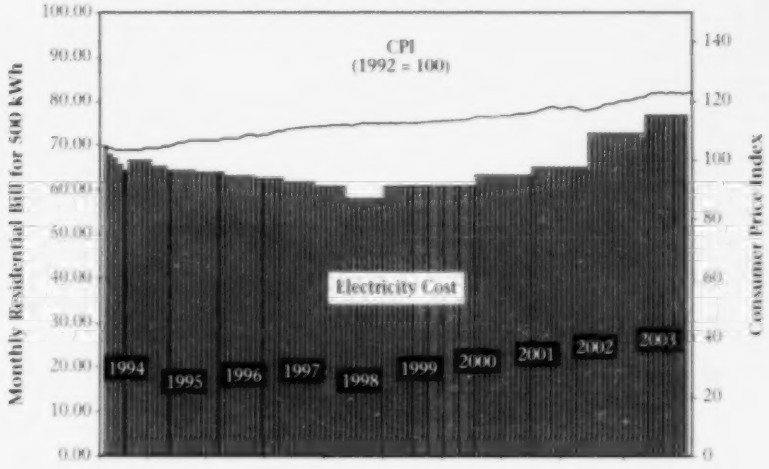

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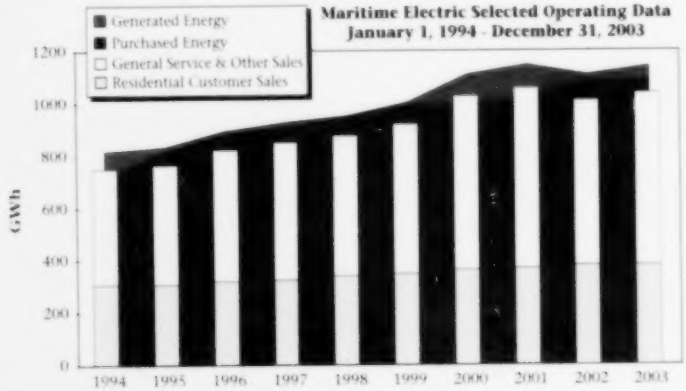
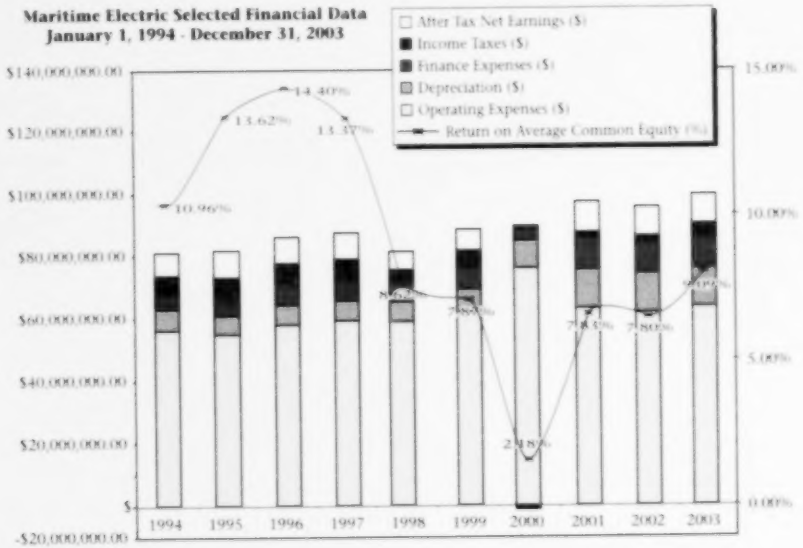
[1] The utilities operating in the cities of Charlottetown and Summerside and the towns of Stratford and Cornwall are exempt from the jurisdiction of the Commission.

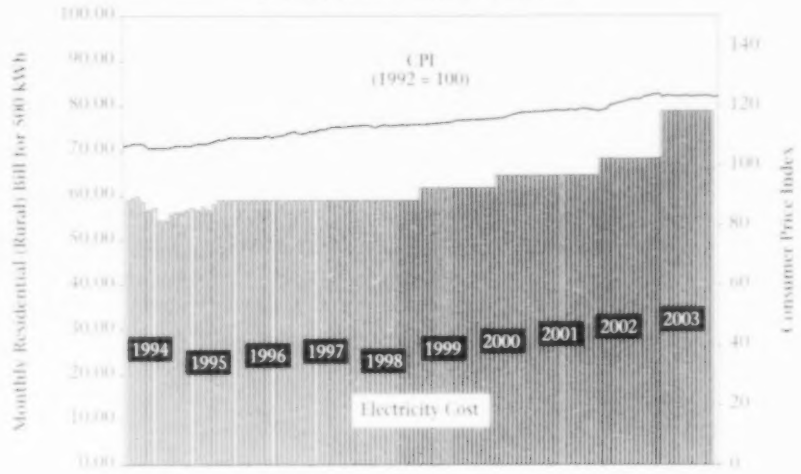
It is apparent to the Commission that the intention of the Legislature is to see the establishment of a more cost effective form of regulation than that historically used in the Province. To this end, the Commission will, in the coming months and years, be pursuing alternatives to the traditional rate of return – cost of service regulation in favour of more innovative and cost effective methods of regulation. This will likely involve fewer and shorter public hearings and different forms of public consultation. In the end, however, the objective remains the same: safe and adequate service at the lowest possible cost.



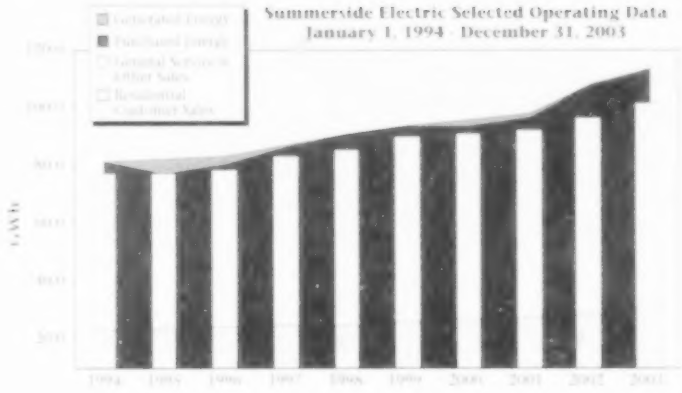
During the period covered by this report, Maritime Electric received approval for capital expenditures totaling some $15 million for the calendar year 2004. Maritime Electric also filed with the Commission an application for approval to purchase and install a 50 MW combustion turbine generator at its generating station in Charlottetown. The generation application will be considered by the Commission following public hearings that will likely be conducted during the summer of 2004. As well, Maritime Electric is required under the *Electric Power Act* to make a submission to the Commission by May 1, 2004 for the review and approval of its rates, tolls and charges.



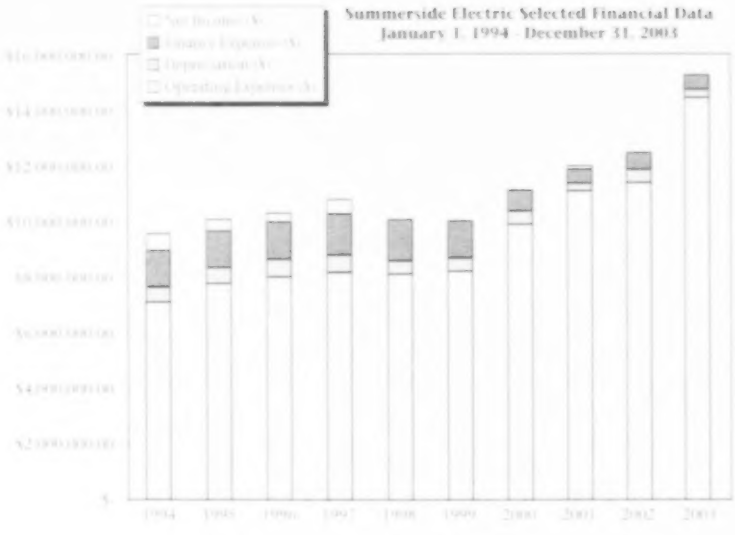
Electricity Costs Compared to the Consumer Price Index
Summerside Electric
January 1, 1994 - December 31, 2003



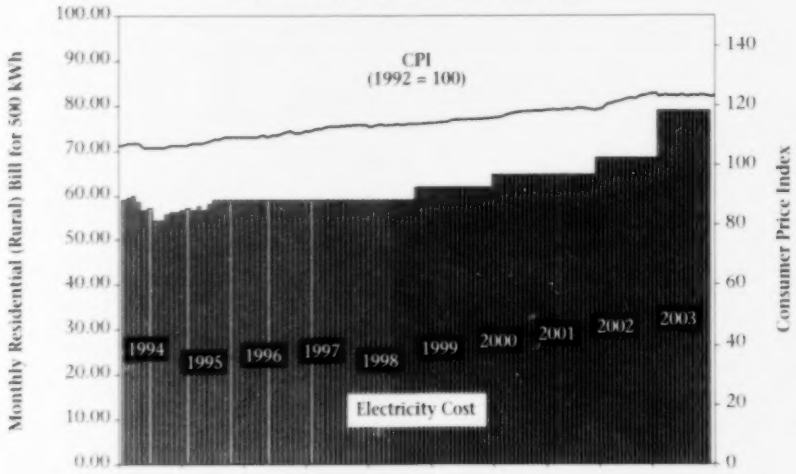
Summerside Electric Selected Operating Data
January 1, 1994 - December 31, 2003



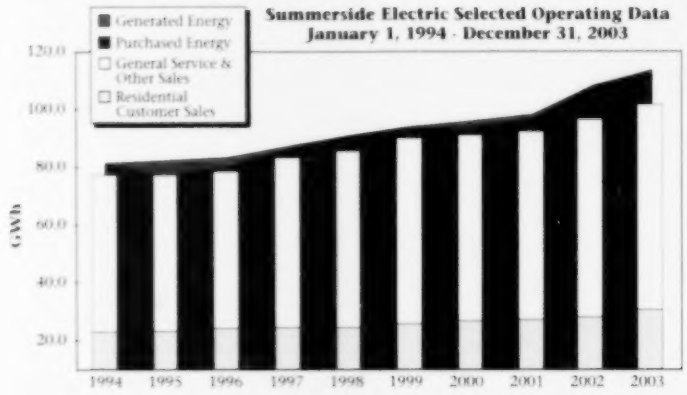
Summerside Electric Selected Financial Data
January 1, 1994 - December 31, 2003



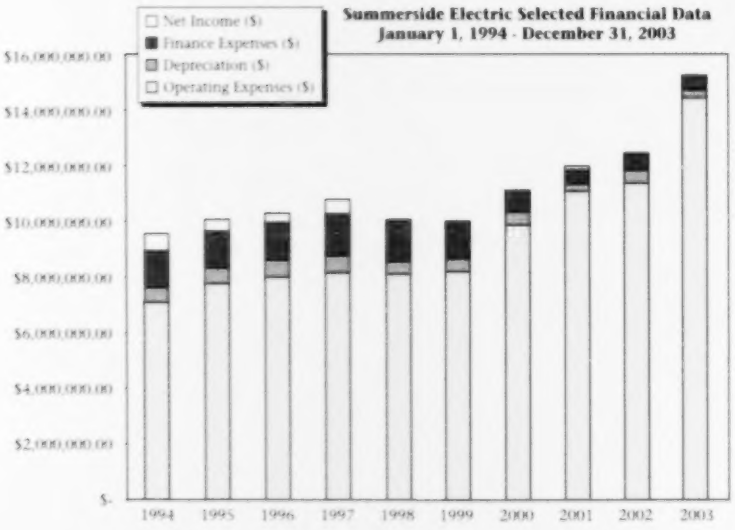
Electricity Costs Compared to the Consumer Price Index
Summerside Electric
January 1, 1994 - December 31, 2003



Summerside Electric Selected Operating Data
January 1, 1994 - December 31, 2003



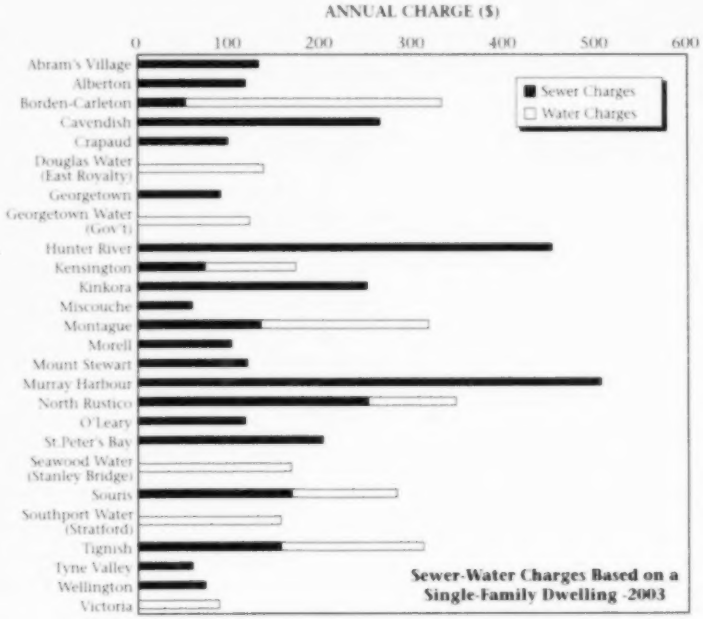
Summerside Electric Selected Financial Data
January 1, 1994 - December 31, 2003



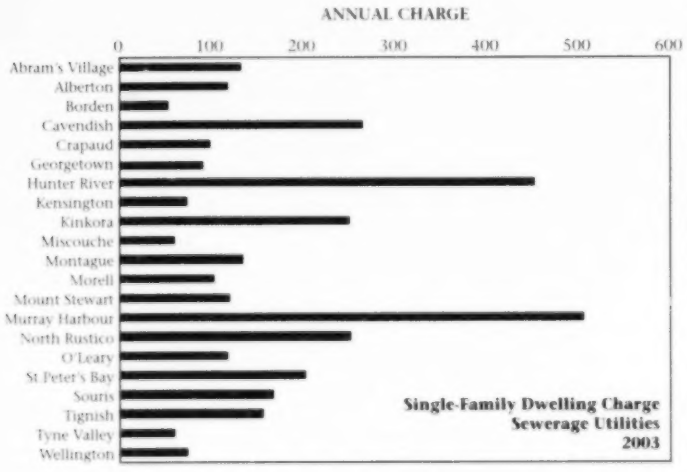
Water & Sewer

In the area of municipal water and wastewater utilities, the Commission issued 15 permits approving various construction projects involving several municipalities.

The projects approved by the Commission included new wells in Victoria and Borden-Carleton, the installation of central water systems to service the Harbourview Subdivision in North Rustico and the Glasglow Hills development in New Glasgow, a water supply pump in Tignish and water main installations in Kensington and Montague. In Cavendish, the central sewer system was extended along Route 6 to the Seawood Estates Subdivision, Wellington replaced various sewer mains in the Community, Miscouche added a lagoon cell and St. Peters Bay was authorized to add two lagoon cells and a wetland to their central sanitary sewerage system, Kinkora replaced sewer mains along Route 225, and sewer and water services were extended to developments in Montague and Tignish.



This period continued to see a steady level of construction activity, mainly attributed to funding made available through a federal-provincial infrastructure development program.



In 1997, the Commission introduced a new uniform system of accounts for water and sanitary sewerage utilities. The new system of accounts has generally been well received by the utilities under the Commission's jurisdiction and the accounting community. With the exception of one municipality, utilities are now in complete compliance with the new system and progress continues to be made on phasing in the remaining utility.

In May 2003, the Commission issued Order UW03-01 approving an increase to Victoria's annual water rates. In July, the Commission approved an increase of Cavendish's non-recurring capital frontage charge from $4.00 per foot to $5.00. As well, the Order expanded the Utility's service area plan to include the developed area along Route 6. The expansion of Cavendish's system resulted in sewer customers in the Seawood Estates peninsula now being serviced by the Cavendish Utility. The Seawood Water and Sewer Utility became the Seawood Inc. Water Utility. Order UW03-03 was issued in July 2003 recognizing the transfer of sewer utility assets and establishing a water only tariff for Seawood Estates.

Also, in May, 2003, the Kinkora Sewer Utility made an application to increase its sanitary sewer rates and charges. Order UW03-05 was issued October 16, 2003 approving an increase effective July 1, 2003.

North Rustico applied in June 2003 to increase its sewer and water rates. Order UW03-04 was issued approving increases effective January 1, 2004.

As well, numerous utility-related inquiries and complaints were also dealt with during this reporting period.

Automobile Insurance

In December, 2003, the Legislature amended the *Insurance Act* to place automobile insurance rates under the jurisdiction of the Commission. The legislation required that all insurers providing automobile insurance in Prince Edward Island file their rates with the Commission by January 15, 2004 for effect on April 1, 2004. Thirty-one filings were received in total.

At the close of this reporting period, 21 of the filings had been finalized.

The rate filings of the insurance companies reflected recent amendments to the *Insurance Act* that limit liability claims for minor personal injury to $2,500. The insurance industry had indicated that the amendments would reduce, on average, auto insurance rates by as much as 13 percent.

The analysis carried out by the Commission during the period January 15, 2004 to the close of the reporting period indicated that, of the companies that had been reviewed, most were indicating a premium reduction of 12-15 percent, with the remaining companies indicating a premium reduction of 8-12 percent. The differences among the companies related, in large measure, to the current rate levels charged by those companies and how they compared to average levels within the province. Companies that had lower existing rate levels were generally reducing their rates less than those at higher rate levels.

The analysis also revealed that there were broad differences in the rates charged by different companies for similar insurance coverage. For example, some companies that were reducing their rates by as much as 15 percent had higher average rates than those who were reducing rates by a lesser amount. The Commission concluded from its initial analysis that strong competition in the general insurance market existed in Prince Edward Island.

Rate reductions authorized by the Commission as part of its initial review of insurance rates in the Province took effect on April 1, 2004.

Part 4 – Appellate Functions

Planning

Under the *Planning Act*, the Commission is responsible for hearing and deciding appeals relating to land use.

As an appellate body the Commission hears appeals from persons who are dissatisfied with decisions made by the Minister of Community and Cultural Affairs or a municipal council pursuant to section 28 of the *Act*. This provision is set out as follows:

> *... any person who is dissatisfied by a decision of a council or the Minister in respect of the administration of regulations or bylaws made pursuant to the powers conferred by this Act, may, within twenty-one days of the decision appeal to the Commission.*

In 2003-2004, the Commission received a total of 16 appeals. In addition, 7 appeals were carried forward from previous years. Of these 23 appeals, 4 were allowed, 2 were denied, 6 were subsequently withdrawn by the Appellants and in two cases the Commission found that it did not have jurisdiction to hear the appeal. A total of 9 appeals are pending (see Table below).

Status of *Planning Act* Appeals
1994 – 2004

Appeals	94*	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
Allowed	5	4	0	3	7	2	1	1	1	4
Denied	10	11	5	10	8	7	9	5	1	2
Withdrawn	14	17	6	18	10	12	6	2	7	6
No Jurisdiction	1	2	8	3	3	11	3	1	3	2
**Mediated	n/a	2**	3	0	0	3	3	1	2	0
Pending	18	12	17	16	7	5	6	3	7	9
Total	48	48	39	50	35	40	28	13	21	23

* Represents calendar year
** The Island Regulatory and Appeals Commission Act was amended in 1995 to allow use of alternative dispute resolution where appropriate.

Real Property Assessments

The Provincial Treasurer is responsible for administering the *Real Property Assessment Act*. Subsection 22(1) of the *Act* states:

> *Where an assessment has been referred to the Minister under Section 20, and after the Minister has notified the person making the reference of his decision, the person making the reference may appeal to the Commission to have the assessment vacated or varied.*

In 2003-2004, the Commission received 9 appeals. In addition, 1 appeal was carried forward from previous years. Of these 10 appeals, 6 were subsequently withdrawn, and 4 appeals are currently pending.

Real Property Taxes

The Provincial Treasurer is responsible for administering the *Real Property Tax Act*. Subsection 35(1) of the *Act* reads:

> *Where a tax has been referred to the Minister under Section 33, and after the Minister has notified the person making the reference of his decision, the person making the reference may appeal to the Commission, to have the tax vacated or varied.*

No appeals were filed with the Commission during this reporting period.

Revenue (Sales) Taxes

Under the *Revenue Administration Act*, the Commission acts as an appellate tribunal that hears appeals from decisions of the Provincial Tax Commissioner in relation to tax assessments made under several provincial revenue acts.

During the reporting period, the Commission issued Order UT03-02 in July 2003 regarding an appeal of the Provincial Tax Commissioner's decision to levy taxes on products purchased off-Island. In its decision, the Commission affirmed the Tax Commissioner's original assessment and the appeal was dismissed. In August, 2003, the Appellant filed a Notice of Appeal with the Supreme Court and at the close of this reporting period, the Court's decision had not yet been rendered in this matter.

In February 2003, the Provincial Tax Commissioner filed an appeal with the Supreme Court regarding Commission Order UT03-01 involving taxes assessed on a business transaction. In March 2003, the Appellant in the matter filed a cross-appeal with the Court. The Supreme Court's decision was issued in December 2003 allowing the appeal in part and dismissing the cross-appeal in part. The Court's decision varied the amount determined by the Commission to be at issue in this matter.

In December 2002, the Commission issued Order UT02-05 concerning the statutory interpretation of Section 38 of the *Revenue Tax Act Regulations*. The Order was issued regarding two appeals involving the interpretation of the timeframe implied by the legislation regarding the four fiscal years immediately preceding the date of assessment. In its decision, the Commission affirmed the Provincial Tax Commissioner's decisions that the fiscal year meant the fiscal year of the taxpayer being assessed, and both appeals were dismissed.

In December 2002, the Appellant in these matters filed an appeal of Order UT02-05 with the Supreme Court, Appeal Division. The Court's decision in this matter was rendered in January 2004 allowing the appeal and setting aside the Order of the Commission.

At the time of this report, there were no outstanding sales tax appeals before the Commission.

Unsightly Properties

The *Unsightly Property Act* deals with properties that are considered unsightly. Under the *Act* an order can be issued to an individual to clean up the property. Pursuant to Section 7 of the *Act*, where an individual is issued an order to clean up unsightly property, he or she may appeal to the Commission. On hearing the appeal, the Commission may confirm, rescind or in any manner vary the order, and the judgment of the Commission shall be final.

During the reporting period, no appeals were filed with the Commission.

Entranceway Permits

The *Roads Act* is administered by the Department of Transportation and Public Works. The Commission has appellate jurisdiction as set out pursuant to subsection 12(1) of the Highway Access Regulations:

> *Where the Minister has discretion to issue an entrance way permit pursuant to these regulations, a decision of the Minister may be appealed to the Island Regulatory and Appeals Commission, by the applicant.*

During the reporting period, no appeals were filed with the Commission.

Heritage Places

Under the *Heritage Places Protection Act* and the Heritage Places Protection Act Regulations, the Minister may designate any heritage place as a designated site, structure or area. The owner of any property designated as a heritage place, or any municipality in which the property is located, may appeal the Minister's decision by written notice to the Commission within 30 days of the receipt of service of the Notice of Designation of Heritage Place.

No appeals were filed with the Commission during this reporting period.

Rental Appeals

Under the *Rental of Residential Property Act*, the Commission has the power to hear appeals from decisions of the Director of Residential Rental Property. Of the 319 orders issued on rental matters by the Director during the reporting period, 20 were appealed which resulted in 16 Commission decisions. During 2002-2003, there were 21 appeals filed of the 290 orders issued.

Part 5 – Office of the Director of Residential Rental Property

Introduction

The **Office of the Director of Residential Rental Property** is responsible for the administration of the *Rental of Residential Property Act*, primarily dealing with disputes between lessors and lessees.

The following outlines the major roles and responsibilities of the Office and the level of activity under each of the related statutes. Statistical information is based on the fiscal year from April 1, 2003 to March 31, 2004.

The administration of the *Rental of Residential Property Act* is carried out by the Office of the Director of Residential Rental Property, while the Commission hears appeals from the decisions of the Director of Residential Rental Property and those rental officers who have been delegated decision-making power by the Director.

The *Act* establishes the obligations and responsibilities of the parties to rental agreements for residential premises. Procedures are set out to deal with violations and to enforce obligations under rental agreements. The *Act* sets out mechanisms whereby violations are expeditiously handled and the system is readily accessible to all parties. The *Act* outlines, among other things, procedures for the enforcement of statutory conditions, the handling of security deposits, the termination of rental agreements, rent owing and properly increasing rent.

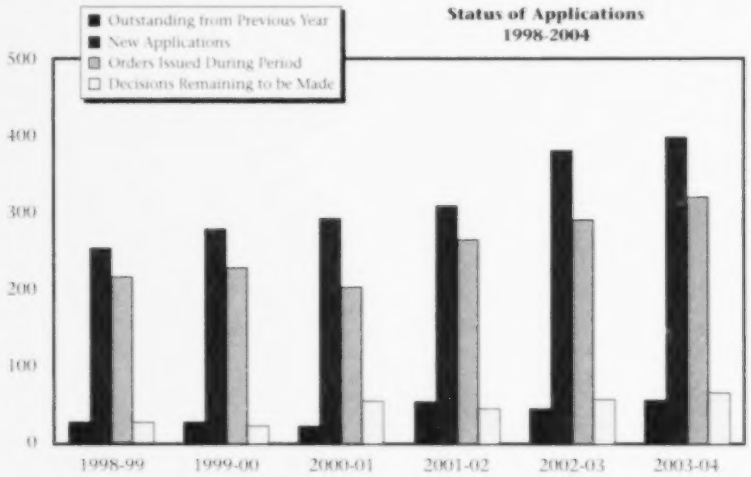
The Office of the Director of Residential Rental Property has exclusive responsibility for the administration of the *Act* and Regulations. The Director is responsible for:

- Providing information to the public to promote understanding of rights and responsibilities under this *Act*;
- Advising lessors and lessees with respect to matters relating to rental agreements;
- Receiving and investigating allegations of violations of rental agreements, or of the *Act* or the Regulations;
- Holding hearings, giving notice thereof to the parties, determining matters of procedure at hearings and making decisions or orders with respect to matters relating to the rights of lessors or lessees arising pursuant to this *Act*; and
- Entering and inspecting residential premises, after serving an inspection order, for the purpose of carrying out the powers or duties under this *Act* or the Regulations.

As a result of legislative changes in 1998, the *Act* applies to all premises licensed under the *Tourism Industry Act* where guests rent such premises for a continuous period of one month or more.

The *Act* is administered on a province-wide basis with the majority of hearings being held at the offices of the Commission. Hearings are also held at various Access PEI Centres when the housing unit involved is in that regional area.

During 2003-2004 the Division received 397 new applications concerning rental matters and issued 319 orders on those applications. During the 2002-2003 reporting period the Division received 378 new applications and issued 290 orders. In 2003-2004, the Division received 14,886 inquiries, which is a decrease of approximately 11% over the 2002-2003 level of 16,771 inquiries.



Orders Issued
Rental of Residential Property Act
1998-2004

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
DETERMINATION OF SECURITY DEPOSITS	20	28	16	35	43	31
BREACH OF STATUTORY CONDITIONS	163	152	137	173	189	228
TERMINATION	22	37	37	42	49	54
RENT INCREASE	10	9	12	14	9	6
TOTAL	215	226	202	264	290	319

The following sections outline the level of activity under the main sections of the *Act*.

Enforcement of Statutory or Other Conditions of a Rental Agreement

The statutory conditions are those obligations of either the lessor (landlord) or the lessee (tenant) as set out in the *Act* and the standard form of rental agreement. Statutory conditions include such issues as: good behavior, condition of the premises, subletting of the premises, and late payment penalty. Other conditions of a rental agreement include the return of security deposits and rent owing. The *Act* also provides for a process for dealing with personal property abandoned by lessees. In all cases the parties are encouraged to resolve disputes after their rights are explained. When this is unsuccessful, an application is received and processed by investigation and/or hearing.

During the reporting period the Office received 270 applications involving statutory or other conditions. This is an increase of 9 over the previous year's total of 261 applications.

Nature of New Applications
Rental of Residential Property Act
1998-2004

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
DETERMINATION OF SECURITY DEPOSITS	**25**	**27**	**24**	**36**	**43**	**52**
BREACH OF STATUTORY CONDITIONS						
Condition of Premises	24	25	21	17	29	19
Services	3	10	19	5	5	14
Good Behavior	0	0	0	0	0	0
Lessee Cleanliness and/or Damages	0	0	0	0	0	0
Sublet by Lessee	0	0	0	2	0	0
Entry of Premises	1	0	0	0	0	2
Entry Doors	0	1	2	0	0	0
Late Penalty Payment	0	0	0	1	0	0
Quiet Enjoyment	5	1	1	5	1	2
Mobile Homes	2	1	0	0	0	0
Lessee Delivery of Possession	37	56	64	83	112	102
Security Deposit	18	15	16	18	28	26
Rent	96	64	76	58	78	92
Personal Property	0	0	7	7	6	9
Other	6	10	0	1	2	4
TERMINATION	27	56	52	60	65	68
RENT INCREASE	8	11	9	15	9	7
TOTAL	252	277	291	308	378	397

Security Deposits

The *Act* sets out the handling and processing requirements for security deposits taken as a condition of the rental agreement. The lessor is required to deposit the funds at a financial institution in a designated trust account with interest accruing to the lessee while the deposit is held. Within 10 days of the lessee delivering up possession of the premises, the lessor is to return the deposit with interest. The lessor may retain all or a portion of the deposit to cover damages or unpaid rent but if this is done, the lessee must be advised of the nature and amount of charges made. If an agreement is not reached between the parties, the lessee may request a decision by the Director at which time the deposited funds are forwarded and held in trust by the Director. An investigation is then carried out and a decision is rendered.

The Office received 52 applications involving security deposits during this reporting period. This is an increase of 9 over the previous year's total of 43 applications.

Termination of Rental Agreements

The *Act* provides for limited security of tenure for the lessee whereby the lessee must be given in writing the proper notice and the reason for the termination of the rental agreement. Termination is allowed only for the reasons set out in Sections 13, 14 and 15 of the *Act*.

In 2003-2004, the Office received 68 applications involving the termination of rental agreements during the reporting period. This represents an increase of 3 from the previous year's level of 65 applications.

Rent Increases

Each year the Director invites written representation from lessors and lessees to assist in establishing the annual prescribed percentage rent increase. The Director is responsible for preparing background material for the Commission, with the Commission responsible for making the decision on the allowable percentage rent increase for the coming year. The allowable percentage rent increase for 2003 was 3% and for 2004 is 2%. Any rent increase exceeding the established amount requires approval by the Director before being charged and collected.

During the reporting period the Division received 7 applications involving rent increases. This represents a decrease of 2 from the previous year's level of 9 applications.

Significant Events

During this reporting period, the Division continued to automate its information management system to assist with tracking and reporting rental applications and rental inquiries. The system allows for up-to-date information to be accessed and includes such data as the nature of the application or the inquiry, the parties involved and the current status of applications.

The Commission's public website (www.irac.pe.ca) in relation to rental matters continued to provide a valuable source of information to the public and easy access to the forms required by applicants.

The Office continues to experience a high level of activity from the inquiries and applications received over the reporting period. A number of initiatives have been undertaken including the creation of an information officer position to handle the bulk of the inquiries and provide advisory services at the earliest opportunity. In spite of the substantial workload, the main goal continues to be to assist lessors and lessees in resolving their disputes and where unsuccessful, to proceed to adjudicative results in a fair and timely manner.

Inquiries
Rental of Residential Property Act
1998-2004

NATURE OF INQUIRY	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
BREACH OF STATUTORY CONDITIONS						
Condition of Premises	980	1,450	1,346	1,187	1,339	1,035
Services	509	541	660	560	569	630
Good Behavior	232	427	357	358	236	261
Lessee Cleanliness and/or Damages	780	612	593	606	904	698
Sublet by Lessee	55	52	41	30	51	38
Entry of Premises	246	248	247	250	248	244
Entry Doors	50	71	72	44	85	65
Late Penalty Payment	10	11	11	12	34	22
Quiet Enjoyment	138	229	273	202	150	146
Lessee Delivery of Possession	418	476	482	631	815	678
Mobile Homes	92	79	75	149	121	120
Rent	2,741	2,818	3,264	3,061	3,410	2,889
Other Statutory Conditions	315	361	410	273	395	305
Personal Property	0	0	34	255	222	213
Waste Management	0	0	0	0	199	51
No Statutory Condition Specified	0	0	0	0	0	0
SECURITY DEPOSITS	1,849	1,646	1,693	1,874	2,092	1,973
TERMINATION	3,182	3,240	3,538	3,416	3,322	3,143
RENT INCREASE	472	505	737	721	833	545
OTHER	1,519	1,111	1,272	1,754	1,746	1,830
TOTAL	13,588	13,877	15,105	15,383	16,771	14,886

NOTE: There are some inquiries which fall under more than one category.